DECLASSIFIED

AFW:WOT
AFW:WTToomey
(Drafting Office and Officer)

Approved in S - 3/17/61

CONFIDENTIAL

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: March 3, 1961

845f.2614/3-361
127

SUBJECT: The Volta Project

PARTICIPANTS: The Secretary
Mr. James K. Penfield, Acting Assistant Secretary for African Affairs
Mr. Henry J. Tasca, Deputy Assistant Secretary for African Economic Affairs
Mr. William D. Toomey, Officer-in-Charge Ghanaian Affairs

The Honorable K. A. Gbedemah, Minister of Finance of Ghana
H.E. W. M. Q. Halm, Ambassador of Ghana
Mr. W. A. Wiafe, Ministerial Secretary, Volta River Project
Mr. Herbert Winful, Principal Secretary, Volta River Project Secretariat

COPIES TO:

S/S	E - 2	DLF	
G	ED	INR/C	
S/P	IO	USUN	
AF - 2	GER	Amembassy Accra	
AFW - 3	B/CEA	Amembassy London	
B/FAC	ICA	Amembassy Bonn	

DEPARTMENT OF STATE AUTHORITY NND 968 REVIEWED BY DATE MAY 1982
XDS EXT DATE
REASON(S)
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED
PA/HO EXEMPTION

Minister of Finance Gbedemah called for the second time at the request of the Secretary to give a final report on his Washington visit. He expressed great satisfaction with the general status of the Volta Project negotiations and said he anticipated "clear sailing" ahead. Thirty million dollars in United States Government loans and forty million dollars in World Bank loans were now firmly committed.

The Minister emphasized the importance of early conclusion of negotiations between the aluminum smelter consortium (VALCO) and the United States Government for guarantees of the private investment, all other financing being contingent on the smelter agreement. The Secretary reassured Gbedemah these negotiations would proceed expeditiously.

Mr. Gbedemah mentioned how pleased he was that the World Bank was now willing to assist in locating financing for the transmission grid beyond Accra and Kumasi. Mr. Black had reiterated in conversations this week that the Bank did not agree with the timing for an expanded transmission grid but if Ghana insisted the Bank would help find loans in Germany. However, Mr. Gbedemah continued, Ghana hopes the United States Government will consider the grid as social infrastructure and therefore qualified in part for an ICA grant. The total cost of the grid is estimated at no more than nine million pounds. Ghana would appreciate a two million pound grant from ICA, a one and three-quarter million pound DLF loan, a one and three-quarter million pound World Bank loan with the remaining three and one-half million pounds coming from Ghana's own resources.

The Secretary

NIACT OC/S room in Rangoon

DECLASSIFIED
FILED
MAR 21 1961

The Secretary observed grants were troublesome and inquired whether the project could move ahead with 50 per cent financing from Ghana's resources and 50 per cent in foreign loans. Gbedemah replied his Government did not want to give up hope of an ICA grant but GOGhana wished to proceed in any case and if a grant were not possible he would appreciate a 50 per cent loan (four and one-half million pounds) from the DLF with Ghana securing the remaining 50 per cent. The Secretary asked if the World Bank help was contingent on Ghana's securing an ICA grant. Mr. Gbedemah replied that the World Bank had taken the case under advisement for the time being and he could not say more.

Mr. Gbedemah indicated he realized an immediate response to his request was not possible but he hoped for a positive response to his request when he returns to the United States in about six weeks. In the interim, he would send a written request for grid financing.

The Secretary said a written proposal would be most helpful and we would give the matter careful study.

DECLASSIFIED